

CALIFORNIA'S LARGEST CHARITABLE REMAINDER TRUSTS: AN IRS DATA ANALYSIS

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I. SYNOPSIS

Using Internal Revenue Service (IRS) Form 5227⁰¹ micro-data for five filing years,⁰² this article examines the population of charitable remainder trusts (CRTs) with \$50 million or more in reported assets in California. The data reveals over 4,200 unique CRTs in this category are overwhelmingly charitable remainder unitrusts (CRUTs) rather than charitable remainder annuity trusts (CRATs), and the grantors are geographically concentrated in the Bay Area and Los Angeles. The most significant finding is structural: roughly two-thirds of these trusts are managed by private individual trustees, not institutional fiduciaries. The article documents data-quality limitations and then draws practice implications from the private individual trustee finding for CRTs at every asset level, addressing self-dealing risk under Internal Revenue Code (IRC) section 4941, unmarketable-asset valuation requirements, availability of unbundled custodial and administrative services, and commonly neglected problems of trustee succession planning.

II. BACKGROUND

CRTs occupy a unique position in California estate planning. They offer an income stream to the grantor or other beneficiaries, a current charitable deduction, and deferral of capital gains—a combination that has made them a staple of sophisticated planning for decades. Recent data show that approximately 2,400 new CRTs are created each year in the United States.⁰³ Yet, despite their ubiquity in practitioner discussions, remarkably little empirical data has been available about the actual population of these trusts. How many exist? How large are they? Who manages them? Where are they concentrated?

This article attempts to answer those questions for the highest and perhaps most interesting tier of California CRTs—those with \$50 million or more in reported assets—by analyzing IRS Form 5227 micro-data. The IRS Statistics of Income Division publishes these files for selected years, and for five of those years (2016, 2017, 2020, 2021, and 2022) the data include trust names, trustee names, and addresses.⁰⁴ This creates an unusual opportunity to look beyond aggregate statistics and delve into more specific characteristics of this population.

The picture that emerges is striking. California is home to over 4,200 unique CRTs in the \$50 million-plus asset category. Surprisingly, these trusts are overwhelmingly managed, at least nominally, by private individual trustees rather than institutional fiduciaries. As expected, they are geographically concentrated in the Bay Area and Los Angeles and are predominantly CRUTs rather than CRATs.

IRS administrative data offer a rare window into CRT practice, but is imperfect. This article flags those limitations as they arise, so practitioners can judge for themselves what the numbers do and do not show.

Table 1: Summary Statistics—California \$50M+ CRTs

Metric	Value
Unique Trusts (all years)	4,241
CRUTs	3,531 (83%)
CRATs	700 (17%)
Total Reported Assets	~\$3.1 Trillion
Median Trust Assets	\$122.6 Million
Mean Trust Assets	\$721.8 Million
Largest Reported Trust (likely a data error, see note below)	\$586.4 Billion
Private Trustees	~2,825 (-67%)
Institutional Trustees	660 (15.6%)
Unclassified Trustees	756 (17.8%)
Median Trust Age	16 Years
Mean Trust Age	15.5 Years

Note: Asset amounts are self-reported on Form 5227 and are not audited. Values at the top of the distribution include apparent data entry errors (the largest trust reports \$586 billion). Rank ordering may be less affected even where absolute dollar amounts are inflated. The “Total Reported Assets” figure is dominated by a small number of extreme outliers and should not be treated as the aggregate economic value of these trusts.

III. THE DATA: IRS FORM 5227 MICRO-DATA

IRS Form 5227, the Split-Interest Trust Information Return, must be filed annually by every trust described in IRC section 4947(a)(2).⁰⁵ This includes CRATs, CRUTs, and pooled income funds. The form captures basic identifying information (employer identification number, trust name, trustee name, and address), financial data (asset amounts and income amounts), and classification codes (trust type, asset size category, and ruling period).

The IRS publishes these returns as comma-separated value (CSV) files through its Statistics of Income program. For this analysis, the author examined all five available years with name-level data: 2016, 2017, 2020, 2021, and 2022. The raw files contain between 90,000 and 105,000 records per year, representing the universe of split-interest trust filings nationwide. The data were extracted and analyzed programmatically.

A. Selection Criteria and Methodology Improvements

This analysis applies four sequential filters to the national dataset. First, records were subset to California filers (state code “CA”). Second, records were selected for those with a reported asset amount (ASSET_AMT) of \$50 million or more. Third, where the trust-type field (FR_5227_CD) was available, records were limited to trust-type codes 1 and 2, corresponding to CRUTs and CRATs, respectively. Fourth, a name-based backstop filter removes trusts with “Charitable Lead,” “CLAT,” or “CLUT” in the trust name, catching charitable lead trusts that were miscoded as CRTs in the IRS data.⁰⁶

The current methodology evolved from an earlier version that identified two data-quality problems and differs from that version in two important respects. The earlier version relied on the IRS categorical asset code (ASSET_CD = 9, designating trusts with assets of \$50 million or more) rather than the continuous dollar-amount field. Cross-validation revealed that the IRS changed its ASSET_CD assignment methodology between the 2017 and 2020 data extracts, causing approximately 1,100 trusts with reported assets below \$50 million to be included in the ASSET_CD = 9 category in the later years. Filtering directly on the reported

dollar amount eliminates this inconsistency. Additionally, the earlier version did not include the name-based backstop for misclassified charitable lead trusts, which removed an additional 364 records across all years.⁰⁷

B. A Documentation Error in the IRS Micro-Data

During the course of this analysis, the author discovered that the trust-type codes in the IRS micro-data documentation appear to be reversed. The documentation for the FR_5227_CD field states that code 1 corresponds to CRATs and code 2 to CRUTs. However, applying this mapping produces a distribution of approximately 83 percent CRATs and 17 percent CRUTs—the opposite of what every practitioner would expect and the opposite of what the IRS itself has published.⁰⁸

The IRS Statistics of Income Division’s own published bulletin on split-interest trusts reports that CRUTs comprise approximately 80 percent of all charitable remainder trusts nationally (91,244 CRUTs versus 14,616 CRATs in Filing Year 2012). Applying the reversed mapping—code 1 = CRUT, code 2 = CRAT—reproduces this 80/20 ratio in the micro-data. Cross-referencing trust names confirms the empirical mapping: 83 percent of trusts with “CRUT” or “unitrust” in their name carry code 1, and 86 percent of trusts specifically named “charitable remainder unitrust” carry code 1. This analysis uses empirical mapping throughout.⁰⁹

C. Data Discontinuity Between Early and Late Years

As with the earlier version of this analysis, the most important structural feature of the dataset is a dramatic discontinuity between the early years (2016–2017) and the later years (2020–2022). The 2016 and 2017 files yield only 32 and 18 qualifying California CRTs, respectively. Beginning in 2020, the count exceeds 4,000. This is almost certainly an artifact of a change in IRS data processing methodology rather than a genuine increase in high-value CRTs. The 2020–2022 data should be treated as the primary dataset for cross-sectional analysis.¹⁰

IV. THE CALIFORNIA CRT LANDSCAPE

A. Population and Trust Types

Among the 4,241 unique California CRTs with \$50 million or more in reported assets, the vast majority—3,531, or approximately 83 percent—are CRUTs. Another 700, or 17 percent, are CRATs.¹¹ Ten trusts have no type classification, corresponding to the 2017 data year when the trust-type field was unavailable.¹²

This roughly 5-to-1 ratio of CRUTs to CRATs reflects fundamental structural differences that make CRATs less suitable for ultra-high-value planning. Most significantly, CRATs cannot accept additional contributions after initial funding—a critical limitation for technology founders and executives who may experience multiple liquidity events across stock vesting tranches, IPO lockup releases, or successive company sales. CRUTs permit ongoing contributions, allowing donors to build charitable positions over time as wealth materializes.

CRATs also face greater difficulty satisfying the 10 percent minimum remainder requirement under IRC section 664(d) (1)(D),¹³ particularly in low-interest-rate environments. Because the CRAT remainder calculation measures a fixed dollar annuity against assumed growth at the section 7520 rate, low rates can produce a projected remainder below 10 percent—especially with longer trust terms or younger beneficiaries. The CRUT remainder calculation, by contrast, uses percentages throughout: the payout percentage against the assumed growth rate. This percentage-on-percentage structure makes CRUTs less sensitive to rate fluctuations when satisfying the minimum remainder test.

Additionally, CRATs expose grantors to exhaustion risk: if trust investments underperform, the fixed annuity can rapidly deplete principal, potentially exhausting the trust before the term ends—leaving nothing for charity and creating adverse tax consequences. CRUTs' percentage-based distributions automatically adjust downward when asset values decline, preserving corpus and ensuring some remainder passes to charity.

B. Asset Magnitude and Data Quality

Among the 4,241 trusts in the dataset, total reported assets aggregate to approximately \$3.1 trillion. The median trust holds \$122.6 million, while the mean holds \$721.8 million. The wide gap between mean and median signals extreme right-skewness: a small number of very large trusts pull the average far above the typical trust.¹⁴

An important caveat is necessary. Asset values on Form 5227 are self-reported by trustees and are not audited. At the top of the distribution, some reported values are clearly erroneous: the largest trust reports \$586 billion, and several others report values exceeding \$10 billion per trust. These figures likely reflect data-entry errors, which makes the absolute dollar amounts unreliable. In that situation, it can be useful to lean on rank rather than scale—an approach analogous to nonparametric, rank-based statistical tests that remain informative when the data are highly skewed or otherwise non-normal. Because data-entry errors can also scramble ranks, the ordering is suggestive rather than definitive.

For this reason, the tables in this article report rank position rather than dollar amounts. The aggregate asset figure of \$3.1 trillion should not be cited as the economic value of California's large CRTs, as it is dominated by a handful of extreme outliers that may be erroneous.

Form 5227 Part IV requires trusts to report end-of-year book value (column (b)) and fair market value (column (c)) as separate fields. The public micro-data includes a single continuous dollar-amount field but does not identify whether it represents book value or fair market value. The IRS SOI methodology states that the sample was stratified by the reported end-of-year book value of total assets,¹⁵ suggesting the reported amounts are book-value-based, because only CRUTs require fair-market-value entries, but the documentation does not say so explicitly.

Taken together, the available trust values cannot be considered reliable enough to be reported here, and we will instead attempt a rank ordering, which has more support.

C. Geographic Concentration

The geographic distribution of high-value CRTs within California is heavily skewed toward the state's major wealth centers. By trust count, the top five cities are Redwood City (311 trusts), San Francisco (264), Los Angeles (254), San Diego (128), and Palo Alto (121). Grouping cities into regions produces a clearer picture.¹⁶

Table 2: Regional Distribution of California \$50M+ CRTs

Region	Trust Count	% of Count
Bay Area	1,527	36.0%
Los Angeles	626	14.8%
San Diego	280	6.6%
Orange County	226	5.3%
Other California	1,582	37.3%
Total	4,241	100%

The Bay Area accounts for 36 percent of trusts by count, reflecting the concentration of technology-sector wealth in Silicon Valley and San Francisco. The prominence of Redwood City as the single highest-count city likely reflects one or more large institutional trustees with offices there. Los Angeles, despite its much larger population, holds roughly half the Bay Area's share.¹⁷ The substantial "Other California" category demonstrates that high-value CRTs are not confined to the obvious metropolitan centers.

V. WHO MANAGES THESE TRUSTS: INSTITUTIONAL VERSUS PRIVATE TRUSTEES

One of the most practically significant findings of this analysis concerns the identity of CRT trustees. Using pattern-matching classification of trustee names from the

Form 5227 data—identifying institutional indicators such as “Bank,” “Trust Company,” “N.A.,” “University,” “Foundation,” and the names of known financial institutions—the analysis classifies each trustee as institutional, private (individual), or unknown.

A. The Dominance of Private Trustees

Of the 4,241 unique trusts, 660 (15.6 percent) are managed by institutional trustees—banks, trust companies, universities, and similar entities. A much larger group—approximately 2,825 trusts (roughly 67 percent)—are managed by private individual trustees.¹⁸ The remaining 756 (17.8 percent) could not be classified with confidence, typically because the trustee name was ambiguous or truncated in the IRS data.

This finding is robust regardless of how the unclassified trusts are allocated. Even under the most extreme assumption—that every single unclassified trust is institutional—private trustees still outnumber institutional trustees by at least two-to-one. Under the more realistic proportional assumption, the ratio is approximately four-to-one. The point estimate from classified trusts alone is 4.3 private trusts for every institutional trust.

Median trust size for trusts exceeding \$50 million is similar across trustee types: \$128.6 million for private trustees and \$106.4 million for institutional trustees. The decision to use an institutional trustee does not appear to correlate with trust size in this data.

Table 3: Trustee Classification Summary

Trustee Type	Count	% of Total	Median Trust Size
Private (Individual)	2,825	~67%	\$128.6M
Institutional	660	15.6%	\$106.4M
Unclassified	756	17.8%	-
Total	4,241	100%	\$122.6M

Source: Author’s calculations from IRS Form 5227 micro-data, filing years 2016, 2017, 2020–2022.¹⁹

The predominance of private trustees in the \$50 million-plus CRT space may surprise practitioners accustomed to thinking of institutional trustees as the natural managers of large trust assets. Several explanations are plausible. Many high-value CRTs are funded with concentrated stock positions or closely held business interests, and the grantor who built that position may want to control the timing and strategy of diversification—deciding when to sell, how to reinvest, and which managers to engage—rather than ceding those decisions to an institutional trustee. At this asset level, the grantor typically has a family office or existing advisory team capable of providing the administrative infrastructure an institutional trustee would otherwise

supply, making institutional trusteeship an added layer rather than a necessity. By serving as trustee and rolling trust administration into an existing family office, the grantor avoids the substantial fees an institutional trustee would charge—savings that compound over the trust’s term.

B. Top 20 Private Trustees by Reported Assets

Table 4 ranks the 20 largest private (non-institutional) trustees by total reported assets across all CRTs managed by that trustee, using each trust’s most recent filing. Trustees with multiple CRTs are shown once, with the number of trusts managed indicated. Rank is determined by total reported asset value; dollar amounts are omitted due to the data quality concerns discussed above. The author has a more comprehensive version of this table that includes the names of the trustees and the names of the trusts, but for privacy reasons those details have been removed from the version of the table printed in this article.

Table 4: Top 20 Private Trustees of California \$50M+ CRTs

Rank	CRTs	City
1	1	Lomita
2	1	Stanford
3	16	Palo Alto
4	3	Los Gatos
5	2	San Francisco
6	2	Los Altos
7	3	San Francisco
8	1	Los Altos
9	2	Woodside
10	1	Orinda
11	1	Newport Beach
12	1	Newport Beach
13	5	Carlsbad
14	5	Carlsbad
15	1	Menlo Park
16	2	Cupertino
17	1	La Jolla
18	2	Woodside
19	1	Santa Barbara
20	1	San Diego

Source: Author’s calculations from IRS Form 5227 micro-data, filing years 2016, 2017, 2020–2022.²⁰

Note: Rank is by total reported asset value across all CRTs managed by that trustee, using each trust’s most recent filing. Dollar amounts are omitted because values at the top of the distribution include apparent data entry errors. Rank position at the top of the table may be affected by the same data-entry errors that inflate absolute values. It is also not clear whether book or fair market values are reported in the IRS micro-data. Multiple CRT variants under the same trustee are aggregated.

C. Top 20 Institutional Trustees by Reported Assets

Table 5 ranks the 20 largest institutional trustees. Universities and colleges are prominent, reflecting their established planned giving programs that serve as trustee for donor-created CRTs. Stanford University and BNY Mellon lead, each managing over 100 California CRTs.

Table 5: Top 20 Institutional Trustees of California \$50M+ CRTs

Rank	Trustee	CRTs	City	Types
1	STANFORD UNIVERSITY	124	Los Angeles	CRAT/CRUT
2	BNY MELLON	118	Los Angeles	CRAT/CRUT
3	CITIZENS BUSINESS BANK	5	Newport Beach	CRUT
4	MORGAN STANLEY PRIVATE BANK	3	La Jolla	CRUT
5	CALTECH	51	Pasadena	CRAT/CRUT
6	STATE STREET BANK & TRUST	28	Berkeley	CRAT/CRUT
7	FULLER FOUNDATION	15	Pasadena	CRAT/CRUT
8	UC BERKELEY	31	Berkeley	CRAT/CRUT
9	POMONA COLLEGE	26	Claremont	CRAT/CRUT
10	SALVATION ARMY	20	Rancho Palos Verdes	CRAT/CRUT
11	GRANT & GORDON LLP	1	Belvedere	CRUT
12	UC SANTA BARBARA FOUNDATION	1	Santa Barbara	CRUT
13	FIRST REPUBLIC TRUST CO	10	Los Angeles	CRUT
14	UCLA FOUNDATION	15	Los Angeles	CRAT/CRUT
15	MERRILL LYNCH TRUST CO	2	Rancho Mission	CRUT
16	FIRST AMERICAN TRUST FSB	14	Santa Ana	CRAT/CRUT
17	LOS ANGELES CHURCH OF CHRIST	1	Irvine	CRAT
18	UNIVERSITY OF SOUTHERN CALIFORNIA	13	Los Angeles	CRAT/CRUT
19	SANTA CLARA UNIVERSITY	8	Santa Clara	CRAT/CRUT
20	OCCIDENTAL COLLEGE	9	Los Angeles	CRAT/CRUT

Source: Author's calculations from IRS Form 5227 micro-data, filing years 2016, 2017, 2020–2022.²¹

Note: Trustee names have been normalized to consolidate variants (e.g., 40-plus Stanford University name variants consolidated into one entry; 9 BNY Mellon variants consolidated). Some institutional trustees may appear as separate entries if name variants were not identified during normalization.

The Bank of New York Mellon Corporation rebranded to “BNY” in 2024; this article retains “BNY Mellon” to match the entity name in the underlying IRS data. BNY Mellon’s prominence may reflect the law of preferential attachment (new links go preferentially to already well-connected nodes). Both predecessor institutions—the Bank of New York (founded 1784) and Mellon Bank (founded 1869)—had deep trust and fiduciary operations well before the Tax Reform Act of 1969 created the CRT.²² When CRTs became available, the institutions with the largest existing trust client bases and advisory networks captured a disproportionate share of the new business. BNY Mellon

further consolidated this position by building an outsourced planned-giving platform that now serves over 150 nonprofit institutional clients, meaning the firm often appears in the data both as a named trustee and as the administrator behind university-trusted CRTs.

The institutional trustee data also reveal a distinctive feature of the California CRT landscape: universities and colleges—including Stanford, Caltech, Pomona College, UC Berkeley, UCLA, USC, Santa Clara, and Occidental College—appear prominently among institutional trustees. When a charitable remainder beneficiary also serves as trustee, the structural tension between the institution’s fiduciary duty to the income beneficiary and its financial interest in maximizing the remainder warrants careful attention.

VI. FIDUCIARY AND PRACTICE IMPLICATIONS

A. Trustee Selection and Self-Dealing Risks

The finding that private trustees administer roughly two-thirds of the largest CRTs in this sample has implications that extend well beyond the ultra-high-net-worth setting. The economic forces that make self-trusteeship attractive for a \$50 million CRT often operate with greater intensity for a \$500,000 CRT: institutional trustee fees consume a larger share of expected return, there is no family-office infrastructure to “earn” the institutional layer, and the grantor may have uniquely informed judgment about the contributed assets—whether a family business interest, a rental property, or a concentrated stock position. If the wealthiest and most sophisticated grantors disproportionately choose private trustees, practitioners advising clients across the spectrum should be prepared to discuss when self-trusteeship is sensible—and to manage the three risks it predictably raises: self-dealing exposure, compliance with unmarketable-asset valuation rules, and trustee succession.

1. Self-Dealing Risk

From an estate tax perspective, CRTs generally create less exposure than other irrevocable trusts in which the grantor serves as trustee. Although the grantor’s retained income interest can trigger inclusion under IRC section 2036,²³ the inclusion is commonly matched by a charitable deduction under IRC section 2055,²⁴ so the estate tax consequences are often muted.

The more meaningful risk lies elsewhere: the private foundation self-dealing regime. Under IRC section 4947(a) (2), CRTs are subject to the excise taxes of IRC section 4941 as if the trusts were private foundations.²⁵ These rules impose an initial tax of 10 percent of the amount involved

on any disqualified person who engages in self-dealing, and 5 percent on any foundation manager who knowingly participates (up to \$20,000 per act), with a second-tier tax of 200 percent on the self-dealer if the transaction is not timely corrected.²⁶ Grantor-trustees are disqualified persons by definition—both as substantial contributors under IRC section 507(d)(2)(A) and as persons exercising administrative authority over the trust under IRC section 4946(a)(1).²⁷

These penalties apply with equal force to a \$200,000 CRT and a \$200 million CRT. The risk is not hypothetical. The IRS Continuing Professional Education text on CRT self-dealing provides examples of grantor-trustees who delayed asset sales to benefit themselves as income beneficiaries at the expense of the charitable remainder—conduct the IRS treats as a functional use of trust property by a disqualified person.²⁸ A grantor-trustee at any asset level must understand that investment decisions, distribution-timing choices, and transactions with related parties can implicate the self-dealing rules. Practitioners should therefore establish clear protocols that separate permissible annuity or unitrust distributions—which are explicitly excepted from self-dealing under IRC section 4947(a)(2)(A) and Treasury Regulation section 53.4947-1(c)(2)²⁹—from prohibited transactions and should memorialize those guardrails at the outset of administration.

2. Unmarketable Asset Valuation

CRTs are frequently funded with closely held business interests, unregistered securities, or real property—assets that are common across the full range of trust sizes. Under Treasury Regulation section 1.664-1(a)(7)(i), if unmarketable assets are held by the trust, the annual valuation must be performed either exclusively by an independent trustee or determined by a current qualified appraisal from a qualified appraiser.³⁰ The regulation defines unmarketable assets as those that are not cash, cash equivalents, or other assets that can be readily sold or exchanged for cash or cash equivalents—including real property, closely held stock, and restricted securities.³¹ Critically, an independent trustee is defined as a person who is not the grantor, a noncharitable beneficiary, or a related or subordinate party to the grantor, the grantor's spouse, or a noncharitable beneficiary.³² A self-trusted grantor who is also the noncharitable beneficiary therefore cannot perform the valuation and must obtain annual qualified appraisals—a requirement that is proportionally more burdensome for smaller trusts, where the appraisal cost is significant relative to trust assets. Once the trust has diversified into publicly traded securities, this constraint falls away, but practitioners should flag it clearly for any CRT that will hold unmarketable assets for a meaningful period following funding.

3. Trustee Succession

Trustee succession is the most commonly neglected risk, and it is more acute for smaller trusts, where the grantor is less likely to have professional advisors monitoring the trust's ongoing administration. A CRT measured by the life of a 55-year-old grantor could run for 30 or more years. The grantor-trustee will age, may become incapacitated, and will eventually die. Every self-trusted CRT needs a successor trustee plan. The trust instrument should name a successor—either an individual with his or her own designated successor, or an institutional trustee as backstop. Without adequate succession provisions, a single incapacity event could trigger judicial proceedings to appoint a trustee for an irrevocable trust with a complex split-interest structure—precisely the disruption that institutional trusteeship was designed to prevent, and a disproportionate burden for a trust of modest size.

B. Administrative Infrastructure

The data from the largest trusts confirm what many practitioners already know: the trustee role can be effectively unbundled into three components—fiduciary and investment decision-making, custody, and administration—and the grantor need not cede all three to an institution. A self-trusted grantor retains the first and outsources the second and third. The major brokerage platforms—Fidelity, Schwab, and others—provide custodial accounts for self-trusted CRTs without requiring grantors to use their investment management or trust company services; advisor-mediated custody is also available through BNY Pershing for grantors working with an independent registered investment adviser.³³ For trust accounting, specialized CRT administration firms handle the four-tier accounting required under IRC section 664(b),³⁴ annual unitrust valuations, preparation of Form 5227, K-1 generation, and distribution calculations.³⁵ This unbundled model is available to CRTs at any asset level and at a fraction of the cost of institutional trusteeship. By serving as trustee and outsourcing only the administrative and custodial functions, the grantor retains control over investment strategy and diversification timing while ensuring that the complex tax compliance obligations are met by specialists.

Beyond tax considerations, individual trustees of CRTs bear significant fiduciary responsibilities under California law, including the duty to invest prudently under the Uniform Prudent Investor Act,³⁶ the duty of loyalty,³⁷ and the duty to act impartially with respect to the income and remainder beneficiaries.³⁸ The impartiality obligation is especially demanding in the CRT context, where the trustee owes duties simultaneously to the noncharitable income beneficiary (often the grantor) and to the charitable remainder beneficiary. The data from the largest CRTs

confirms that self-trusteeship is the dominant model across the trust landscape, and practitioners should not reflexively recommend institutional trusteeship at any asset level. But they should ensure that every self-trusted CRT has outsourced administration to handle IRC section 664(b) compliance, a clear understanding of the IRC section 4941 self-dealing rules, and a credible successor trustee plan.

VII. LIMITATIONS AND CAVEATS

This analysis has significant limitations that practitioners should understand before relying on its findings.

A. Self-Reported Data

Form 5227 data is self-reported by trustees and is not audited by the IRS as a matter of course. Errors in asset reporting are evident at the top of the distribution, where individual trusts report assets exceeding \$500 billion—figures that are likely erroneous. Less extreme errors almost certainly exist throughout the dataset.

B. Data Discontinuity

The 2016–2017 and 2020–2022 datasets are not directly comparable due to changes in IRS data processing. The 2016–2017 files yield fewer than 50 qualifying records, while the 2020–2022 files yield over 4,000. Cross-era comparisons should be treated with great caution.

C. Trust-Type Code Reversal

As discussed in section III.B, the FR_5227_CD field documentation has the type codes reversed. This analysis uses the empirical mapping verified against IRS published aggregate statistics. Researchers using this micro-data should be aware of the documentation error.

D. Asset Amounts Versus Rank Ordering

The reported dollar amounts for individual trusts at the top of the distribution are unreliable. However, the rank ordering is defensible: a trust reporting \$29 billion is almost certainly larger than one reporting \$500 million, even if both absolute values are inflated. The tables in this article report rank position, not dollar amounts.

E. Trustee Classification Is Heuristic

The institutional-versus-private classification relies on pattern matching of trustee names. Approximately 18 percent of trusts could not be classified. Some misclassification is inevitable—a person named “John Trust” might be flagged as institutional, while a boutique advisory firm might be classified as private. However, the central finding—that private trustees predominate—is

robust under any plausible allocation of the unclassified trusts. The classification may also modestly overcount private trustees where short-named institutional entities (e.g., regional banks or advisory firms without explicit institutional keywords in their names) default to the private category; the point estimate of roughly two-thirds should be understood as approximate.

F. State Field Ambiguity

The state code reflects the filer’s mailing address—typically the trustee’s address—not the trust’s legal situs or the grantor’s domicile. Some California-situs trusts with out-of-state trustees will be absent from this analysis, while some non-California trusts with California-based trustees will be included.

G. Missing Years

The IRS does not publish name-level Form 5227 data for 2018 or 2019, creating a gap that prevents computation of annual attrition or growth rates across that period.

H. City Name Truncation

City names in the IRS data are truncated (e.g., “SAN FRANCISC,” “SANTA BARBAR,” “NEWPORT BEAC”). While this is cosmetic for most purposes, it complicates precise geographic analysis for cities with similar prefixes.

VIII. CONCLUSION

The IRS Form 5227 micro-data provides an empirical window into a rarefied segment of the trust world—CRTs with \$50 million or more in reported assets. Most California practitioners will never be involved with a trust at that level. But the structural patterns visible in this data are not confined to the ultra-high-net-worth context. They illuminate choices that practitioners and their clients face at every asset level.

The central finding is that roughly two-thirds of these trusts are managed not by banks or trust companies but by the grantors themselves or other individuals. Self-trusteeship is the dominant model, and for good reason: it preserves control over investment strategy, eliminates a substantial fee layer, and is now supported by a mature market of custodial platforms and specialized administration firms that handle the IRC section 664(b) accounting and Form 5227 compliance that individual trustees should not attempt alone.

But self-trusteeship carries risks that practitioners must affirmatively address: the IRC section 4941 self-dealing rules that apply to every grantor-trustee as a disqualified person, the independent-trustee-or-qualified-appraisal

requirement for unmarketable assets, and the successor trustee problem that grows more acute with every year the grantor ages. None of these risks are unique to the largest trusts.

The limitations of the underlying data should temper specific conclusions—the IRS changed its methodology between extracts, and certain classification fields proved unreliable on close examination. But the central finding is robust: private trustees dominate, and the practitioner's role is to make that dominance safe. Trustee selection is not a threshold question to be resolved at funding and forgotten. It is an ongoing obligation—one that requires administrative infrastructure, self-dealing awareness, and succession planning from the day the trust is created through the day the remainder passes to charity.

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- 01 IRC, section 6034; Treas. Reg. section 53.6011-1(d).
- 02 IRS Statistics of Income Division, Domestic Private Foundation and Charitable Trust Statistics, <<https://www.irs.gov/statistics/soi-tax-stats-domestic-private-foundation-and-charitable-trust-statistics>> (as of June 11, 2026) (Form 5227 micro-data files are published as CSV downloads at <irs.gov/pub/irs-soi/> under the prefix "sit"; name-level data are available for filing years 2016, 2017, 2020, 2021, and 2022.).
- 03 Gottlieb, *Charitable Remainder Trusts, a Decade After the Last IRS Study* (Mar. 9, 2026), 190 Tax Notes Fed. 1573.
- 04 See *ante*, note 2.
- 05 Form 5227 is required of all split-interest trusts described in IRC, section 4947(a)(2), including CRATs, CRUTs, and pooled income funds.
- 06 All counts, percentages, and rankings in this article are the author's calculations from the Form 5227 micro-data described in note 2, *ante*. Definitions of the fields used in the selection filters (ASSET_AMT, FR_5227_CD, and the state code) appear in the per-year documentation guides published with the micro-data files (*ante*, note 2). Trustees were classified as institutional or private by pattern matching of trustee name strings against a keyword list of institutional indicators (e.g., "Bank," "Trust Company," "N.A.," "University," "Foundation," and the names of known financial institutions), implemented with regular expressions; see generally Friedl, *Mastering Regular Expressions* (3d ed. 2006); Thompson, *Regular Expression Search Algorithm* (1968) 11 Communications of the ACM 419. Replication code is available from the author on reasonable request.
- 07 The reference is to an earlier unpublished version of this analysis (on file with author).
- 08 The FR_5227_CD field documentation states 1 = CRAT and 2 = CRUT. Lisa Schreiber Rosenmerkel, *Split-Interest Trusts*, Filing Year 2012, SOI Bulletin (Winter 2014), <<https://www.irs.gov/pub/irs-soi/14eowinbulsplitinterest12.pdf>> (as of May 4, 2026) reports 91,244 CRUTs versus 14,616 CRATs (80 percent CRUTs).
- Cross-referencing trust names in the micro-data confirms code 1 = CRUT and code 2 = CRAT. This analysis uses the empirical mapping.
- 09 See *ante*, note 8; the name cross-referencing percentages (83 percent and 86 percent) are the author's calculations from the micro-data (*ante*, note 6).
- 10 See *ante*, note 6 (author's calculations).
- 11 IRC, section 664(d)(1) (CRATs); IRC, section 664(d)(2) (CRUTs).
- 12 See *ante*, note 6 (author's calculations).
- 13 IRC, section 664(d)(1)(D); Treas. Reg. section 1.664-1(a)(1)(iii)(a).
- 14 See *ante*, note 6 (author's calculations).
- 15 IRS Statistics of Income Division, *Split-Interest Trust Study Data Sources and Limitations*, <<https://www.irs.gov/statistics/soi-tax-stats-split-interest-trust-study-data-sources-and-limitations>> (as of May 4, 2026).
- 16 See *ante*, note 6 (author's calculations).
- 17 See *ante*, note 6 (author's calculations).
- 18 See *ante*, note 6 (author's calculations; the trustee-classification methodology is described there).
- 19 *Ante*, note 2.
- 20 *Ante*, note 2.
- 21 *Ante*, note 2.
- 22 The Bank of New York Mellon Corporation, Registration Statement (Form S-4/A) (Apr. 17, 2007), <<https://www.sec.gov/Archives/edgar/data/1390777/000095012307005516/y30440a2sv4za.htm>> (as of Feb. 17, 2026).
- 23 IRC, section 2036(a) (requiring inclusion in the gross estate of transferred property in which the decedent retained a life interest).
- 24 IRC, section 2055(a) (allowing an estate tax deduction for the value of property transferred to charitable organizations); see Rev. Rul. 82-105 (discussing the interaction between section 2036 inclusion and the section 2055 deduction in the CRT context); see also Treas. Reg. section 20.2036-1(c)(2) (providing rules for calculating the portion of a CRT includible in the decedent's gross estate).
- 25 IRC, section 4947(a)(2) (providing that split-interest trusts with amounts for which a charitable deduction was allowed are subject to, inter alia, section 4941 as if such trust were a private foundation); Treas. Reg. section 53.4947-1(c)(1)(ii).
- 26 IRC, section 4941(a)(1) (imposing a tax equal to 10 percent of the amount involved on the self-dealer for each year in the taxable period); IRC, section 4941(a)(2) (imposing a tax equal to 5 percent of the amount involved on any foundation manager who participates in an act of self-dealing knowing that it is such an act, with a maximum tax of \$20,000 per act); IRC, section 4941(b)(1) (imposing an additional tax equal to 200 percent of the amount involved if the act is not corrected within the taxable period).
- 27 IRC, section 507(d)(2)(A) (defining "substantial contributor" to include the creator of the trust); IRC, section 4946(a)(1)(A), (B) (defining "disqualified person" to include substantial contributors

and foundation managers—i.e., persons having authority or responsibility to make administrative or policy decisions with respect to the trust).

- 28 IRS, Exempt Organizations Continuing Professional Education Technical Instruction Program for FY 1997, Topic G: Self-Dealing and Other Tax Issues Involving Charitable Remainder Unitrusts (1996) <<https://www.irs.gov/pub/irs-tege/eotopicg96.pdf>> (as of Feb. 17, 2026) (discussing scenarios in which a grantor-trustee's delay in selling contributed assets constituted the functional equivalent of use of trust property by a disqualified person, subjecting both the grantor-donor and the trustee to excise taxes under IRC section 4941).
- 29 IRC, section 4947(a)(2)(A) (providing that the private foundation provisions apply to split-interest trusts but "not with respect to any amounts payable under the terms of such trust to income beneficiaries," unless a deduction was allowed for such amounts under sections 170(f)(2)(B), 2055(e)(2)(B), or 2522(e)(2)(B)); Treas. Reg. section 53.4947-1(c)(2) (same); see also Rev. Rul. 2008-41, 2008-2 C.B. 170 (applying this exception to annuity and unitrust amounts payable to recipients of a CRT that is divided pro rata).
- 30 Treas. Reg. section 1.664-1(a)(7)(i) (providing that if unmarketable assets are transferred to or held by a charitable remainder trust, the trust will fail to function exclusively as a charitable remainder trust unless the valuation is performed exclusively by an independent trustee or determined by a current qualified appraisal from a qualified appraiser). See Treas. Reg. section 1.664-1(f)(4) (these rules are applicable for trusts created on or after December 10, 1998); see also T.D. 8791 (Dec. 10, 1998) 63 Fed. Reg. 68,188 (promulgation of the final regulations).
- 31 Treas. Reg. section 1.664-1(a)(7)(ii) (defining "unmarketable assets" as "assets that are not cash, cash equivalents, or other assets that can be readily sold or exchanged for cash or cash equivalents," including "real property, closely-held stock, and an unregistered security for which there is no available exemption permitting public sale").
- 32 Treas. Reg. section 1.664-1(a)(7)(iii) (defining "independent trustee" as "a person who is not the grantor of the trust, a noncharitable beneficiary, or a related or subordinate party to the grantor, the grantor's spouse, or a noncharitable beneficiary (within the meaning of section 672(c) and the applicable regulations).").
- 33 Self-trusted CRT grantors may hold trust assets in brokerage accounts at major custodians without engaging those firms' trust company or investment management services. See, e.g., CRTPro, Serving as Trustee of Your Own Charitable Remainder Trust <https://www.crtpro.com/CRT_Trustee.htm> (as of Feb. 17, 2026) (noting that "[t]rustees may also invest trust assets by using discount brokerage services such as Fidelity, Schwab, or Ameritrade"); Charitable Solutions, LLC, Charitable Remainder Trust Services <<https://charitable-solutionsllc.com/charitable-remainder-trust-services/>> (as of Feb. 17, 2026) (offering a "Trust-Only" model for donors who prefer to direct investments through their own advisors).
- 34 IRC, section 664(b) (establishing the four-tier ordering system for characterizing distributions to noncharitable beneficiaries as, in order: [1] ordinary income, [2] capital gains, [3] other income, and [4] corpus).
- 35 See IRS Form 5227, Split-Interest Trust Information Return; Instructions for Form 5227 (2025), <<https://www.irs.gov/instructions/i5227>> (as of Feb. 17, 2026). CRT administration firms provide outsourced accounting, tax return preparation, and distribution calculation services. See, e.g., Charitable Trust Administrators, Inc. <<https://ctai-ca.com/>> (as of Feb. 17, 2026); CRTPro, CRT Trustee Fees, <<https://crtpro.com/content6.htm>> (as of Feb. 17, 2026).
- 36 Prob. Code, sections 16045–16054 (Uniform Prudent Investor Act); Prob. Code, section 16047, subd. (a) ("A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust.").
- 37 Prob. Code, section 16002, subd. (a) ("The trustee has a duty to administer the trust solely in the interest of the beneficiaries.").
- 38 Prob. Code, section 16003 ("If a trust has two or more beneficiaries, the trustee has a duty to deal impartially with them and shall act impartially in investing and managing the trust property, taking into account any differing interests of the beneficiaries.").